

United States Senate

WASHINGTON, DC 20510

February 7, 2012

Via Electronic Transmission

The Honorable Kathleen Sebelius
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Sebelius,

We write today to express our serious concerns that the Department of Health and Human Services (HHS) and Centers for Medicare and Medicaid Services (CMS) are falsely marketing specific services provided through Medicare and private health plans as “free” due to the enactment of the Patient Protection and Affordable Care Act (PPACA).

In a November 22, 2011 press release, CMS stated that “more than 22.6 million seniors and people with disabilities have taken advantage of at least one free Medicare preventive benefit, including the new Annual Wellness Visit made possible by the Affordable Care Act.”¹ Reports, press releases, and statements published by HHS and CMS have repeatedly called preventive services provided by Medicare “free.”²

While we generally support encouraging preventative care, we are alarmed that HHS and CMS are stating that screenings provided through Medicare, such as colorectal cancer screenings, prostate cancer screening, mammograms, pap tests and pelvic exams, and smoking cessation counseling are *free* services.³

On September 8, 2011, “CMS announced that more seniors and people with disabilities on Medicare are seeing reduced costs for important health care- through both discounts on brand-name drugs in the Medicare Part D “doughnut hole” coverage gap and free preventive care” under PPACA.⁴

Calling these services “free” is highly misleading. While it is true that these preventative services are available without co-pays to seniors due to the changes in Medicare in PPACA, because there is no such thing as a free lunch, these provisions are not free. They are paid for by taxpayers who fund a large

¹<http://www.cms.gov/apps/media/press/release.asp?Counter=4158&intNumPerPage=10&checkDate=&checkKey=&srchType=1&numDays=3500&srchOpt=0&srchData=&keywordType=All&chkNewsType=1%2C+2%2C+3%2C+4%2C+5&intPage=&showAll=&pYear=&year=&desc=false&cboOrder=date>

² “Free Preventive Services for People in Medicare.” CMS

³ <http://blog.medicare.gov/2011/07/13/get-free-screenings-to-help-fight-cancer/>

⁴<http://www.cms.gov/apps/media/press/release.asp?Counter=4076&intNumPerPage=10&checkDate=&checkKey=&srchType=1&numDays=3500&srchOpt=0&srchData=&keywordType=All&chkNewsType=1%2C+2%2C+3%2C+4%2C+5&intPage=&showAll=&pYear=&year=&desc=false&cboOrder=date>

chunk of the Medicare program directly through paying general tax revenues. In fact, more than 40 cents of each Medicare dollar comes directly from current taxpayers each year through general revenue.⁵

In addition to referring to preventive care services as free, several HHS and CMS press releases have referred to the PPACA provisions that aim to close the Medicare Part D “doughnut hole” and the savings that seniors are seeing due to the new reforms. HHS released information on March 22, 2011 detailing that nearly four million seniors that reach the Medicare Part D coverage gap in 2011 will “benefit from additional Affordable Care Act provisions that work to reduce and close the ‘doughnut hole’ by 2010...thanks to a new fifty percent discount on covered brand-name drugs in the doughnut hole.”⁶

Again, the spin from HHS is misleading. The nonpartisan Congressional Budget Office estimated that the cost of these policy changes to Part D would lead to “an average increase in premiums for Part D beneficiaries of about 4 percent in 2011, rising to about 9 percent in 2019.”⁷ The vast majority of Medicare Part D beneficiaries will pay higher premiums while only about four million of the 47 million Medicare beneficiaries – less than one in 10—have benefited from the Medicare Part D policy changes in PPACA.⁸ Moreover, we have concluded that this provision had more to do with politics, than actually improving outcomes for seniors. As it was widely reported during the health reform debate, this provision was part of a backroom deal the White House negotiated with representatives from the pharmaceutical drug industry.

Finally, on August 1, 2011, the Administration fully adopted every prevention benefit mandate recommended by the Institute of Medicine (IOM), requiring all new insurance plans to cover such services without cost sharing.⁹ After the announcement you touted the mandated benefits as free. In fact, you apparently stated that women “stand to benefit tremendously from new benefits like free recommended preventive care.”¹⁰ It is obvious that any benefits provided under an insurance plan are paid for through premiums, co-pays, and deductibles. These new benefit mandates are not provided free of charge, as there will be subsequent increases in premiums to cover the cost of providing those benefits without co-pays. We can all agree that just because a benefit is paid for through a different administrative route, in this case premiums as opposed to co-pays, it does not mean those benefits are provided free of charge. These new benefit mandates will in fact increase health insurance premiums, which makes your statements even more concerning. This miscommunication and disingenuous statement to individuals for the purpose of promoting the President’s unpopular health law, is disturbing to say the least.

We find it highly ironic that last year you sent a very public letter to insurers attacking their supposed “misinformation,” yet you continue to approve such misleading communications materials for HHS and CMS.¹¹ We request that HHS and CMS correct the record and report responsibly, with honesty and transparency, to explain the real, full costs associated to Medicare preventive services, policy changes

⁵ Source: 2011 Report of the Medicare Trustees, Table II.B1, and the Kaiser Family Foundation. Note that totals may not add to 100% due to rounding.

⁶ <http://www.hhs.gov/news/press/2011pres/03/20110322a.html>

⁷ <http://cbo.gov/ftpdocs/113xx/doc11379/Comparison.pdf>

⁸ <http://www.hhs.gov/news/press/2011pres/03/20110322a.html>

⁹ <http://www.hhs.gov/news/press/2011pres/08/20110801b.html>

¹⁰ <http://mikulski.senate.gov/media/pressrelease/3-24-11-2.cfm>

¹¹ <http://www.hhs.gov/news/press/2010pres/09/20100909a.html>

to Medicare Part D and mandates on private health insurance instituted by PPACA. The American people deserve to know the true costs of Medicare services borne by taxpayers.

Sincerely,



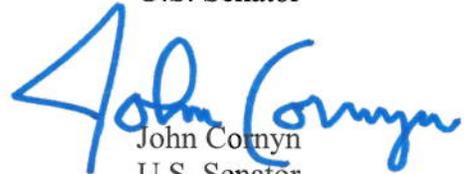
Tom Coburn, M.D.
U.S. Senator



Orrin G. Hatch
U.S. Senator



Richard Burr
U.S. Senator



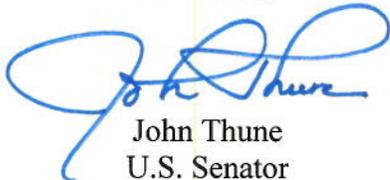
John Cornyn
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John Thune
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Mike Crapo
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